The Boots Company Ltd Report and Accounts

FOR THE YEAR ENDED 31st MARCH 1974

Annual report for the year ended 31st March 1974

CONTENTS

DATES AND FACTS TO NOTE

Dividend and interest payments

Ordinary dividends Interim: Announced November. Payable January.

Ordinary dividends Final: Proposed May. Payable July.

6% loan stock interest: Paid 30th June, 30th September, 31st December and 31st March.

$6\frac{1}{4}$% loan stock interest: Paid 1st September and 1st March.

$7\frac{3}{4}$% loan stock interest: Paid 30th September and 31st March.

8% loan stock interest: Paid 31st July and 31st January.

Results

For half-year: Announced November.

For the year: Announced May.

Report and accounts: Circulated June.

For capital gains tax purposes the market value of a Boots share on 6th April 1965 was 80p and of £100 6% loan stock was £90·$37\frac{1}{2}$.

Board of directors

Chairman	G. I. Hobday
Managing director	D. E. M. Appleby
	J. H. Arkell, C.B.E.
	L. A. Coombs
	H. J. Hann
	B. Jefferies
	P. T. Main, M.D.
	Lord Redmayne, P.C., D.S.O.
	A. D. Spencer
	M. J. Verey
	A. G. S. Wilkes
	F. W. Wright, F.P.S.

Secretary	H. T. Milnes
Registered office	Nottingham, NG2 3AA
Auditors	Peat, Marwick, Mitchell & Co.
Bankers	National Westminster Bank Ltd.

Report of the directors

The directors submit their eighty-sixth annual report to shareholders, together with the audited accounts for the year ended 31st March 1974.

Profits, dividends and retentions

The group profit and loss account shows a profit before taxation of £63,724,000 compared with £56,725,000 for the previous year. However, due to the substantial increase in the rate of corporation tax following the introduction of the imputation system the profit after taxation is £30,919,000 as against £33,911,000.

The profit after taxation attributable to the shareholders is £30,761,000 compared with £33,828,000 for the previous year.

The directors recommend the payment of a final dividend of 2·6557p per share, which together with the interim dividend paid on 7th January 1974, makes a total dividend of 4·1257p per share for the year. A higher dividend is precluded by the Government's Counter-Inflation measures.

The remainder of the group net profit after paying these dividends will be £23,414,000 which has been transferred to reserves.

Further details are shown on page 17.

Principal activity

The principal activity of the group is that of retailers of chemist and other merchandise, and the manufacture and wholesale distribution of pharmaceuticals, drugs, fine chemicals and toilet preparations. Fuller details are shown on page 4.

Overseas sales and profits before taxation contribute the following amounts to group results:

	1974		1973	
	Sales £m	Profits £m	Sales £m	Profits £m
Africa and Near East	6·0	1·1	4·9	·9
Australasia	5·5	1·0	3·7	·4
Asia	6·8	1·9	5·6	1·3
Americas	1·6	·7	·9	·3
Europe	12·6	4·5	7·1	1·6
	32·5	9·2	22·2	4·5

Fixed assets

The directors are of the opinion that the market values of the properties of the group, which are all employed in the business, are substantially in excess of the net book value of £86,406,000 shown in the group balance sheet.

Details of movements of fixed assets are shown in note 9 on page 22.

Exports

Exports from the UK in the year amounted to £17,013,000.

Employees

The average weekly number of employees in the UK during the year was 66,611 which included 29,020 part-time staff. The aggregate remuneration paid to these employees was £65,672,000.

Charitable and political payments

Payments totalling £50,000 have been made during the year for charitable and educational purposes.

Directors

Mr. J. H. Arkell, C.B.E., having attained the age of 65, retires and offers himself for re-election.

Lord Redmayne, P.C., D.S.O., retires by rotation in accordance with article 100 and offers himself for re-election. Dr. P. T. Main, M.D., was appointed to the board on 21st September 1973, and in accordance with article 107 retires and offers himself for re-election.

The names of the directors and their interests in the share and loan capital of the company are shown on page 28. No director had any interest, either during or at the end of the financial year, in any contract which was significant in relation to the group business.

Auditors

The auditors, Messrs. Peat, Marwick, Mitchell & Co., are willing to continue in office and a resolution concerning their remuneration will be proposed at the annual general meeting.

By order of the board,
H. T. MILNES, Secretary.
20th May 1974.

Principal companies

Parent	The Boots Company Ltd.	Manufacturers and wholesale distributors of pharmaceuticals, drugs, fine chemicals and toilet preparations.		

	Percentage held by Parent	Subsidiaries	Principal activities
Subsidiaries			
INCORPORATED IN GREAT BRITAIN			
Boots The Chemists Ltd.	100		Retail chemists
Boots Pure Drug Co. Ltd.	100		Management company
Boots International Ltd.	100		Management company
Boots Farm Sales Ltd.	100		Agricultural and veterinary suppliers
Timothy Whites Ltd.	100		Retail houseware
Whites Property Co. Ltd.		100	Property holding
The Crookes Laboratories Group Ltd.	100		Manufacturing and wholesale chemists
Crookes Anestan Ltd.	100		Manufacturing and wholesaling of toilet preparations
Watts Brothers (Manchester) Ltd.	100		Wholesalers of hairdressers' requisites
INCORPORATED OVERSEAS			
Australia			
The Boots Company (Australia) Pty. Ltd.	100		Manufacturing and wholesale chemists
France			
Les Etablissements C. David Rabot S.A.	92·5		Manufacturing chemists
Laboratoires Dacour, S.A.	92·5		Wholesale chemists
India			
The Boots Company (India) Ltd.	58·1		Manufacturing and wholesale chemists
Italy			
Boots-Formenti S.p.A.	55		Wholesale chemists
Kenya			
Kenya Overseas Co. Ltd.		100	Manufacturing and wholesale chemists
New Zealand			
Boots The Chemists (New Zealand) Ltd.	100		Retail chemists
Nigeria			
The Boots Company (Nigeria) Ltd.	100		Wholesale chemists
Pakistan			
The Boots Company (Pakistan) Ltd.	56·5		Manufacturing and wholesale chemists
Singapore			
The Boots Company (Far East) Pte. Ltd.	100		Wholesale chemists
South Africa			
The Boots Company (South Africa) (Pty.) Ltd.	100		Manufacturing and wholesale chemists
Tanzania			
K.O.C. (Tanzania) Ltd.		100	Manufacturing and wholesale chemists
Thailand			
The Boots Company (Thailand) Ltd.	100		Wholesale chemists

All the above shares held are ordinary shares.
All the companies operate principally in the country of incorporation.

Directors and officers of principal subsidiaries

Boots The Chemists Ltd.

D. E. M. Appleby, Chairman

A. A. Binney
D. Cargill
W. Cooper, M.P.S.
J. G. Davies, M.P.S.
L. W. Day, M.P.S.
R. N. Gunn
H. J. Hann
D. Happs, M.P.S.
W. D. Jarrett, M.P.S.
B. Jefferies
I. V. Mitchell, F.R.I.B.A.
W. K. S. Moore, M.B., B.Chir.
A. G. Price, M.P.S.
A. P. Ridley-Thompson
J. M. T. Ross, F.P.S.
W. Smith, M.P.S.
A. D. Spencer
G. M. Tebbot, M.P.S.
J. I. Thomson, M.P.S.
K. F. Whynes, M.P.S.
A. G. S. Wilkes
F. W. Wright, F.P.S.

H. T. Milnes, D. N. Edmundson, Joint secretaries

Timothy Whites Ltd.

D. E. M. Appleby, Chairman

T. K. W. Davies
R. N. Gunn
H. J. Hann
B. Jefferies
J. A. Prescott, M.P.S.
A. D. Spencer

H. T. Milnes, D. N. Edmundson, Joint secretaries

Boots Pure Drug Co. Ltd.

D. E. M. Appleby, Chairman

E. L. Archer
G. Buxton
L. A. Coombs
S. A. Hibbert, M.P.S.
G. A. Hollows
B. Jefferies
S. A. B. Kipping
P. T. Main, M.D.
C. E. G. Scarth
A. G. S. Wilkes
G. W. Woodings

H. T. Milnes, Secretary

Boots International Ltd.

D. E. M. Appleby, Chairman

L. A. Coombs
B. Jefferies
P. T. Main, M.D.
K. T. Robinson
A. G. S. Wilkes

H. T. Milnes, Secretary

Group highlights for the year ended 31st March 1974

		increase over previous year
Net world sales Ventes mondiales nettes Netto Weltumsatz	£**441·5** million	**19·9**%
of which: dont: davon:		
Sales in the UK Ventes au Royaume Uni Umsätze innerhalb des Vereinigten Königreiches	£**409·0** million	**18·3**%
***Exports from the UK** Ventes exportées du Royaume Uni Exporte aus dem Vereinigten Königreich	£ **17·0** million	**55·6**%
Sales by overseas subsidiaries Ventes des filiales étrangères Umsätze der ausländischen Tochtergesellschaften	£ **19·8** million	**52·2**%
Profit before taxation Bénéfice avant impôt Gewinn vor Ertragsteuern	£ **63·7** million	**12·3**%
Profit after taxation attributable to shareholders Bénéfice après impôt revenant aux actionnaires Anteil des Gewinns nach Ertragsteuern, der auf die Aktionäre entfällt	£ **30·7** million	
Earnings per share Bénéfice par action Gewinn pro Aktie	**17·3** p	
Dividends to shareholders Dividende proposé Dividendenvorschlag	£ **7·3** million	
Retained in the business Report à nouveau Gewinnvortrag	£ **23·4** million	
Capital expenditure during the year Investissements de l'année Investitionen während des Jahres	£ **25·0** million	

THE QUEEN'S AWARD TO INDUSTRY 1974

The Queen's Award to Industry has been conferred this year upon The Boots Company Ltd. in recognition of outstanding export achievement.

*Includes £4·3 million to overseas subsidiaries

For further details see group financial record on pages 26 and 27

Statement by the Chairman Dr. G. I. Hobday

Our trading during the year ended 31st March 1974 was conducted against an economic background in the U.K. of transition from two years of stimulated growth and unfettered consumer demand, to a developing framework of price and pay restraints and controls designed to limit growth to a sustainable level and to release resources for exports and capital investment. Inflationary forces obtained throughout the world and, together with currency realignments, brought continuing social and economic stresses.

In this economic environment we continued carefully and deliberately with our policy of 'Boots for Value' so ensuring a fair deal for our customers. Total world sales for the year increased by 19·9% to £441·5m, maintaining the momentum of our sales gains established in recent years. Once again the major part of this sales increase represents real volume growth.

From our sales we seek only a reasonable profit margin, but our profit in the second half of the year was eroded by the procedural delays and the costly administrative burden of Government controls at the same time as the world oil crisis caused a rapid escalation in the costs of many of our materials. The miners' strike further adversely affected operating conditions and costs. Nonetheless our sales achievement has ensured that our profit has met the budget which we established at the beginning of the trading year.

Profit and Taxation

Group profit before tax increased by 12·3% to £63·7m. After a tax charge of £32·8m, the rate of Corporation Tax having been increased recently from 40% to 52%, the net profit for the year is £30·9m. Deducting the interests of minority shareholders in certain of our overseas subsidiary companies leaves £30·7m profit attributable to shareholders.

Dividends paid and proposed are again the maximum permitted under the Government's Counter-Inflation legislation. The interim dividend of 1·47p per share paid in January, together with the final dividend now proposed of 2·6557p per share, takes £7·3m, leaving £23·4m to be retained in the business.

In order to demonstrate the erosive effects of inflation upon the apparent level of profits and to indicate a more realistic current value of the assets of the Company there is included on pages 24 and 25 of the report a restatement of our profits and assets on the basis of March 1974 pounds. It will be seen that our profit for the year, before taxation, of £63·7m becomes £58·2m when restated in terms of what 'the pound in our pocket' now buys and that the profit as a percentage of the capital employed is reduced to 24·6%.

Retail Operations

For **Boots The Chemists** it has been another year of substantial progress. Prescriptions dispensed during the year, both National Health Service and private, increased despite a small reduction in the total number of branches. Pharmacy is the keystone of the Boots The Chemists business and although the closure of small unsuitable or uneconomic branches will continue we have no intention of reducing our over-all national representation, small branches being replaced wherever possible with shops of larger area.

Counter sales for the second year in succession increased by more than 20%. Our counter sales have almost doubled over the last four years and in an inflationary age we are proud to report that about three-quarters of this growth represents real volume increases. In the year under review the increase was 17% in real volume; lowering of taxes on some sales following the change from Purchase Tax to Value Added Tax offset price inflation to some extent. Continuing growth in real volume of this magnitude has presented a great challenge to our factories and suppliers to produce the goods, to our warehouses and distribution services to deliver them to branches and also to our branch staff to handle the goods and to serve the customers, in many cases in premises which have become too small for the business being done.

Sales productivity measured in terms of sales per square foot of selling space is now in excess of £2 per week, a high figure by any standards and the considerable increase in sales area coming on stream in the next two financial years, referred to in more detail below, is doubly welcome. It will enable us to increase our sales still further, to provide a more satisfactory service to customers and offer them a wider selection of merchandise than is currently possible in many branches, and also to improve the working conditions for many of our staff.

We are now engaged in the re-arrangement of merchandise in our branches into new, more coherent and clearly defined groups. Four such concept groups, namely Chemist & Baby, Home, Fashion & Beauty and Leisure, will replace the traditional department names we have used for many years, Chemist, Surgical, Toilet, Fancy, Stationery, etc. The change has the twofold aim of providing a more logical service to customers and of achieving a more even distribution of sales over the total sales area. The Merchandise Departments which are responsible for the development and buying of merchandise and its promotion are also being re-organised so that each individual department is primarily responsible for servicing only one of these four concept groups. The move later this year of the London Merchandise Departments from outmoded offices in various locations in central London into one new building in Putney, Trent House, enables the changes to be made more effectively with the greatly improved facilities provided in the new location.

We have received excellent service and co-operation from our suppliers during the year although we have required a very considerable increase in supplies from them at a time when their manufacturing resources have been fully stretched due to the general upsurge in demand for consumer goods on the one hand and restricted working hours on the other.

The year was a record one for our shop development programme which involved an investment of £11·3m, compared with £6m in the previous year. Forty-three branches were opened and many more were modernised and extended. We opened large new shops at Middlesbrough, Shrewsbury, Chelmsford, Lincoln, Bridgend and Norwich and major extensions were completed at Southport, Ashton-under-Lyne, Boscombe and Oxford. In all we achieved a net increase in sales area of 170,000 sq. ft., bringing the total sales area to 3·12m sq. ft.

In the current year we have decided to increase still further our capital investment in new and extended shops and are planning an addition to the total sales area of more than 300,000 sq. ft. Large stores will be completed at Bath, Northampton, Belfast, Hanley, Slough, East Kilbride, Harrogate, Stourbridge, Bedminster and Wrexham and large extensions at Edinburgh, Glasgow, Birmingham, Scarborough and Kirkcaldy.

Timothy Whites

Our chain of Houseware shops achieved a sales increase of 25% over the previous year. Sales were buoyant throughout the year with Christmas trading being exceptionally good. During the final quarter, lighting restrictions and supply problems presented a formidable challenge, but even in this period the shops achieved an increase of 20% over the substantial pre-VAT figures of the same quarter last year.

During the year there was a net increase of nearly 9% in selling area, which now exceeds 424,000 sq. ft. with new branches opened in Greenock, Perth, Wokingham, Southport, King's Lynn, Stockton-on-Tees, Chelmsford, Bridgend, Dover and Shrewsbury. We have continued our policy of closing small unprofitable units and during the year there were eight such closures. We shall continue to examine the smaller shops which despite the enthusiasm of the staff are of such a size and in such locations that they are unable adequately to exploit our growing range of merchandise. Our programme for 1974-75 includes new branches at Penzance and Chatham, with major extensions at Plymouth, Yeovil, York and Crawley.

Our basic merchandise ranges continue to make good progress, with kitchen goods, cookware and china achieving increases over 30%. Electrical business suffered from shortages of supplies, but encouraging progress has been made with larger electrical appliances and with Audio equipment. Following from the considerable growth in sales volume, it is now proving possible to develop an increasing range of 'Own Brand' merchandise and thereby to offer better values and a wider selection to customers: developments during the past year include ranges of Garden Tools, Household Preparations and Electrical items.

Manufacture and Marketing in the United Kingdom

Activity in our factories continued at a high level throughout the year with most of them working to maximum capacity. The total value of their output was about £68m at manufacturers' prices, an increase of 21% over last year. More than half of this output was sold to customers other than our own shops. We faced difficult problems, especially in the last quarter, with shortages of energy, containers and raw materials but the co-operation and initiative of our staff at all levels in re-scheduling production programmes and ensuring maximum economies enabled us to maintain production near to normal levels throughout the period of emergency. Special praise is due to our Engineers and their staffs for their efforts during this period; the total-energy system based on natural gas, which we have been using for several years at our main factory site at Beeston, contributed greatly to the success of our operations.

The substantial capital investment programme for new production facilities, which was mentioned last year, is proceeding well and has been further increased. The new pharmaceutical factory at Beeston is expected to start production in mid-1975 and the extension to our Airdrie factory is also on schedule. The third addition to our Brufen plant will come on stream shortly, increasing capacity by 60%; the continuing world demand for the product, however, necessitates yet a further increase which has been put in hand and will be in operation next year.

The domestic price of Brufen was reduced by 25% in September 1973. This important anti-rheumatic product continues to be favoured by doctors for its safety and efficacy and, despite the recent introduction of several competitive products of similar type, total U.K. sales now approach 200 million tablets annually. Prothiaden, our ethical medical product for treatment of depressive illness, continues to show good growth and sales increased last year by 36%.

Boots Farm Sales had a good year with turnover increased by 21·5%. This increase is exclusive of the business done by the Profarma company which was acquired from Ciba-Geigy in August 1973 and is now fully integrated with the Boots Farm Sales operation. In view of the small volume of business and high product development costs we decided to discontinue trading in veterinary ethical products and in consequence our subsidiary, Crookes Veterinary Limited has been sold to the Anglian Food Group Limited.

One of the largest branches to be opened during the year, in the light and airy Shopping Centre at Chelmsford is shown in the upper photograph and amongst other notable branches opened was one at Dalkeith (below).

Exports and Overseas Operations

Exports to the value of £17m were made during the year, an increase of 56%. This increase, of the same order as the increase shown last year, means that the volume is now nearly five times what it was five years ago. We have been greatly honoured and encouraged by receiving recently the Queen's Award for Export Achievement.

Brufen continues to be an outstandingly successful export product. It has been a subject for discussion at major medical meetings in all five continents. At the XIIIth International Congress of Rheumatology held in Japan last October, for instance, 68 papers about Brufen were read by clinicians from 22 different countries. Brufen is now available in no less than 90 countries of the world; it is established in most of the East European countries and following a successful symposium held at the Institute of Rheumatology in Moscow we have now received our first order for Brufen from the U.S.S.R.

Exports of agro-chemicals have increased by 57%; exports to Europe have been particularly good and we have made sales to the People's Republic of China for the first time.

Sales by our subsidiary companies overseas amounted to almost £20m, an increase of more than 50%. The results are a record and every company has made good progress except Pakistan where trading conditions remain difficult. The Australian and Italian companies have done particularly well. During the year a new subsidiary company was formed in Thailand and its initial trading is up to expectations.

Members of the Company

Once again the Directors express their sincere appreciation of the endeavours of the staff at all levels. In these changing times we prefer to regard all who

During the past twelve months many branches have commenced grouping merchandise into four distinct shopping areas—Chemist & Baby, Home, Fashion & Beauty and Leisure. On this page the two illustrations show (in the fully carpeted branch at Bridgend) the Chemist area and the new Fashion & Beauty Concept Area.

On the opposite page is shown the Baby Department at Middlesbrough and another Fashion & Beauty illustration, this time at Chelmsford.

work in the shops, warehouses, factories, laboratories and offices of our organisation as members of the Company. A great deal has been done to develop a common purpose and to eliminate distinctions between grades of staff and it is a pleasure to report that employment policies on pensions, holidays, sickness benefits and many other conditions of employment are now common throughout the Company.

Our aim is to develop identity of interest with the Company and to increase involvement and participation with the help of improved communications. The range of problems encountered during this year, including the fuel crisis, shortages of supplies and components and the effect of pay and price legislation, has shown most clearly how these have been overcome by development of a common purpose and understanding. From the past we know how Boots staff respond to challenges such as these but even so we were delighted by their resourcefulness and obvious determination to keep the job going, and it was all done with such cheerfulness that the staff have earned our particular gratitude and admiration.

During a year of pay restraint we have put through the maximum increases allowable under Phases 2 and 3 of the Counter Inflation Measures. Our negotiating procedures and agreements have been adapted to the new situations and the relationship between the Company and all our trade unions has been progressive and harmonious. While we expect legislation increasingly to control or influence personnel policies, the Company strives to anticipate change according to the needs of our business rather than merely to respond to social legislation.

Those serving in our two shops in Northern Ireland have been especially in our thoughts this year. They have been steadfast in keeping the business going and we were particularly distressed to learn that some had suffered shock and injury by a bomb incident in our Belfast shop.

A source of very real satisfaction to the Management is that the profit earning bonus scheme, now in its twentieth year, has again made it possible for members of the Company to participate directly in its success. A record bonus of £5·48m has been shared among the members according to the rules of the scheme.

The safety of our staff at work is something to which we give special attention in all places of work. Although we improved our accident record last year, generally doing better than the national average—and incidentally winning five national awards for our safety record—we are by no means content with the situation. Safety Manuals and local Safety Committees deal with the various aspects of the Company's safety policy; in addition we involve staff in discussions on safety by making it an item on the agenda of meetings of our Works Councils. The Chief Safety Officer also has responsibility for environment and all aspects of pollution.

Our Occupational Health Service employs five full-time and five part-time doctors and an Occupational Health Unit is located in every main factory and site. Particular attention is paid to the prevention of occupational diseases and accidents and to the regular medical supervision of vulnerable groups such as young persons, drivers, disabled employees and those involved in work with toxic materials.

House of Fraser

Shareholders were informed by letter dated 8th November, 1973, of the Board's proposals to effect a merger with the well-known retail company, House of Fraser Ltd. It was explained that, in the Board's view, maintenance of the Company's retailing interests in the longer term necessitated a broadening of the inventory base. Further, that entry into new merchandise areas should not be done in a way which blurred the public image of Boots The Chemists and would best be achieved by merging with a company operating in merchandise areas complementary to our own with minimal overlap and with a first-class record and reputation. House of Fraser was identified as the retail partner of choice. The merger proposals were, not unexpectedly, referred by the Minister for Trade and Consumer Affairs to the Monopolies and Mergers Commission for study and report within five months (later extended to seven months).

Since last November when the proposals were announced we have seen great changes, economic and political, which necessitated a re-assessment of

Merchandise from the Leisure Area is shown here—Home Beer and Winemaking at Chelmsford, and Musical Instruments, Audio Equipment, Records, and Photography at Lincoln.

Home Ornaments and Home Care Products at Chelmsford. Part of the wide selection of Glassware and Pottery and on the right some of the large range of Home Care Disposables, including greaseproof paper and foils.

Statement by the Chairman *continued*

below: Timothy Whites at Bridgend, where a wide choice of Houseware products is stocked including Home Care, Kitchenware, Electrical Goods, Fridges and Washing Machines, plus Garden Equipment and Audio.

the whole situation. Although the Board believed that the concept of broadening the base of our retail operations by merger with House of Fraser remained valid they became firmly of the opinion earlier this year that the down-turn in the economy altered the balance between a purely retail company such as House of Fraser and a manufacturing and retailing complex like Boots and, therefore, changed the assessment which formed the basis of the financial terms of the merger proposals. Since it was felt that the terms could no longer be recommended by the Board as being equitable to Boots shareholders, we sought to re-negotiate them. However the House of Fraser board would not agree to re-negotiation and, further, opposed our application to the Take-over Panel for permission to withdraw our proposed offer to acquire the House of Fraser share capital. The Panel refused to allow us to withdraw unilaterally but made it clear in a published statement that the final decision would rest with the Boots shareholders and that the Directors must weigh up all relevant considerations in advising them at the appropriate time of what the Board believed to be in the best interests of the Company. The Board aver that this has always been the position in this case and they regret that the Panel did not agree to the merger proposals being withdrawn and so bring to an earlier end a situation which had become unsettling to the staff on both sides.

More recently, the antipathy of the new Government to retailing and the measures to reduce retailers' margins, referred to below, appeared to be likely to make the respective profit contributions from the two companies even more out of line with the terms of the merger proposals.

In the event, the recommendation of the Monopolies and Mergers Commission to disallow the merger, which has been accepted by the Secretary of State, brings to an end a situation which more and more seemed unlikely to result in a merger being effected.

Since, at the time of going to press, the report of the Monopolies and Mergers Commission is not available to us we cannot comment on the reasons for their decision. However, because there has been not a little misunderstanding about the Board's objectives in the two merger proposals it has made in recent years, it might be helpful to recapitulate briefly what we have had in mind. The Boots Company's business is, of course, made up of two parts, retailing and manufacture. Retailing consists to a very large extent of the operations of Boots The Chemists confined to the United Kingdom. Manufacture, with which is associated non-retail marketing, while having Boots The Chemists as its most important customer sells, in total, more of its products to other customers; it is an international business and the overseas operations particularly are independent of our retail interests.

Both parts of our business are doing well but looking to the future we see the need to broaden the bases of their activities. Manufacture and marketing being concerned, in an international role, with research-based ethical medical products, depends upon productive research and development to provide a continuance of suitable products to sustain its operations. At the present time this part of our business is small relative to the leading companies with whom we compete internationally. It will increase in size and importance by organic growth but, a few years ago, an opportunity arose to broaden and strengthen the research and development base and very considerably to enlarge the marketing facilities overseas by merging with Glaxo. The merger was seen by the Board as a very desirable move, achieving in one step the objectives which would otherwise have to be sought over a considerable period of time. However our proposals were ultimately frustrated by the Monopolies Commission as was reported in my Statement last year.

The proposals to merge with House of Fraser related, of course, to the other side of our business and were designed to accomplish the broadening of our retail horizon which we believe to be necessary in the future. As with the Glaxo proposals, the merger was seen as desirably accomplishing in one step what might otherwise need to be done more slowly by our own organic growth. But it would be quite wrong to regard the one as an alternative to the other or the later proposal as a reaction to the frustration of the earlier one. Both were attempts to provide more quickly the expanded facilities which we shall certainly need in the future development of both sides of our business. The only interaction between the two proposals was in the matter of timing and it is likely that if the Glaxo merger had been allowed we would have felt that management preoccupation with making a success of it would have pushed further into the *right:* Bulk Storage Tank Farm—part of the new extension to the Brufen Plant on the main factory complex at Nottingham.

below right: A new four-colour printing machine installed in Boots Printing Department, Nottingham—one of the largest company-operated printing works in Europe.

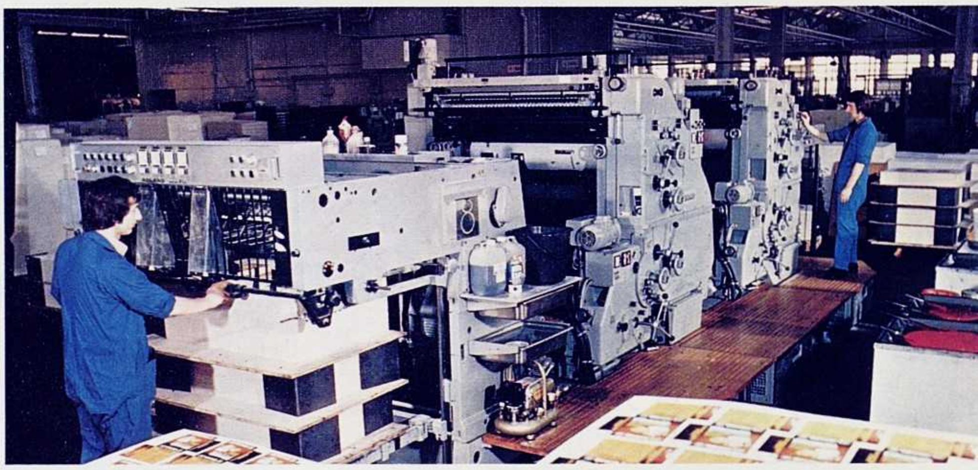
below: Packaging of Penicillin at Crookes Laboratories, Basingstoke.

lower right: Joseph Nzioka, Sales Manager for Kenya/Uganda, briefing some of the van salesmen of the Kenya Overseas Company. Mr. Nzoika was originally engaged by our agents as a van salesman in 1968.

opposite page:
A group at the recent XIIIth International Congress of Rheumatology held at Kyoto, Japan. From left to right: Mr. K. Takizawa, Managing Director Research, Kakenyaku Kako Company Ltd., Tokyo, our Licensee for Brufen in Japan; Mr. L. A. Coombs, Boots Board Director; Mr. J. T. Steel, Boots Area Manager, Far East; and Mr. T. Kikuchi, Manager Pharmaceuticals, Dodwell & Company, Tokyo.

Ben Jefferies, Staff Director, relaxing with Retail Welfare Officers at the Head Office, Nottingham.

An artist's impression of Trent House, Putney. Later this summer the London Merchandise Departments will move and be re-housed under one roof in this new building.



Statement by the Chairman *continued*

future the time when we might have considered a similar move on the retail side. Whether at that further point in time House of Fraser would have been involved is impossible to say.

Prospect

It is particularly difficult to forecast the Company's performance because of the uncertainties with which we are all faced and which are likely to continue for some time. Growth in the national economy and in consumer spending, in real terms, is almost certainly going to be static or even negative during the present year with the possibility of only a small improvement next year. We are thus facing an economic environment materially different from that in which we have been operating in recent times. Serious inflation is still affecting our country and many countries overseas also. Price inflation in Britain during the current year is likely to be at a level that has not been experienced for many years. Whether or not the new Government will succeed in improving the situation remains to be seen. One thing is already clear, however; their attempts to gain early political favour by reducing shop prices by means of an arbitrary cut in gross margins will have serious effects on the profitability and therefore on the development of retail distribution. We can only hope that in this, and in all other forms of commercial activity, the Government will accept that the earning of profit at appropriate levels is essential to the viability of the country's economy and the welfare of its people and, therefore, that the arbitrary cuts will be temporary and not prolonged so as to do permanent damage to retail distribution and the indispensable service to consumers which it provides.

Of course Boots has some advantages over its competitors in times like these. Our reputation for value and our competitive pricing policy are of even more importance when consumer expenditure is restricted. With the advantage of a substantial addition to our selling space we should be in a good position to increase our total market share. Reduction in margins, together with expected increases in operating costs, acting to reduce net profit, should be offset at least to some degree by increase in real volume. Further our non-retail business, at home and abroad, may not be affected to the same extent. In the result therefore, although it would be imprudent to offer a precise forecast at this early stage, we should be able to do rather better than the retail sector generally. Certainly shareholders can be sure that all members of the Company accept the challenge that the situation presents and will be doing their utmost to maintain our forward progress.

Sources and applications of funds for the year ended 31st March 1974

	1974 £m	1973 £m
Sources of funds from within the group		
Profit for the year	**63·7**	56·7
Depreciation	**6·2**	5·6
Sales of fixed assets	**2·7**	1·7
Sources of funds from outside the group	**·3**	—
	72·9	64·0
Applications of funds		
Capital expenditure	**25·0**	11·9
Increase in working capital	**20·4**	4·7
Taxation and dividends paid	**35·7**	19·0
Other applications	**1·7**	1·1
	82·8	36·7
Decrease in short term investments and cash balances (1973 increase)	**9·9**	27·3
	72·9	64·0

Group profit and loss account for the year ended 31st March 1974

	Notes	1974 £000	1973 £000
Net world sales		**441,471**	368,067
Deduct VAT/purchase tax of		**27,283**	26,529
		414,188	341,538
Trading profit	2	**64,563**	57,575
Deduct interest on loan capital		**839**	850
Profit before taxation		**63,724**	56,725
Deduct taxation	3	**32,805**	22,814
Profit after taxation		**30,919**	33,911
Deduct profit attributable to minority interests		**158**	83
Profit attributable to shareholders	4	**30,761**	33,828
Deduct dividends paid and proposed			
Interim paid of **1·47p** per share (1973 1·225p net)		**2,618**	2,182
Income tax		**—**	1,380
Proposed final payable of **2·6557p** per share (1973 2·6425p)		**4,729**	4,706
Profit retained		**23,414**	25,560
Earnings per share	5	**17·3p**	19·0p

Group balance sheet — 31st March 1974

Sources of capital		Notes		1974 £000		1973 £000
Shareholders' interests						
	Share capital	6		**44,521**		44,521
	Share premium			**3,289**		3,289
	Reserves	7		**107,582**		85,694
				155,392		133,504
Loan capital		8		**11,936**		12,301
Minority interests				**631**		491
Deferred taxation		1		**8,967**		3,766
				176,926		150,062

Employment of capital

		Notes	1974	1974 £000	1973	1973 £000
Fixed assets		9		**121,343**		104,547
Unquoted investments		11		**38**		42
Net current assets	Stock	1	**74,065**		56,249	
	Debtors		**25,923**		20,850	
	Cash and short term investments		**39,708**		46,236	
			139,696		123,335	
	Less:					
	Creditors		**43,374**		40,859	
	Due to bankers	12	**7,727**		4,352	
	Taxation	3	**28,321**		24,383	
	Interim dividend		—		3,562	
	Final dividend		**4,729**		4,706	
			84,151	**55,545**	77,862	45,473
				176,926		150,062

G. I. HOBDAY
D. E. M. APPLEBY | Directors

Company balance sheet 31st March 1974

Sources of capital		Notes		1974 £000		1973 £000
Shareholders' interests						
	Share capital	6		**44,521**		44,521
	Share premium			**3,289**		3,289
	Reserves	7		**62,087**		45,018
				109,897		92,828
Loan capital		8		**7,750**		8,187
Deferred taxation		1		**242**		—
				117,889		101,015

Employment of capital						
Fixed assets		9		**23,887**		20,533
Subsidiaries		10		**60,295**		54,501
Net current assets	Stock	1	**36,200**		23,562	
	Debtors		**16,933**		14,250	
	Cash and short term investments		**37,406**		44,653	
			90,539		82,465	
	Less:					
	Creditors		**32,574**		32,201	
	Due to bankers		**6,666**		3,831	
	Taxation	3	**12,863**		12,184	
	Interim dividend		—		3,562	
	Final dividend		**4,729**		4,706	
			56,832		56,484	
				33,707		25,981
				117,889		101,015

G. I. HOBDAY
D. E. M. APPLEBY | Directors

The notes on pages 20 to 23 form part of the accounts

Notes relating to the accounts

1. Accounting policies

(a) Depreciation

Depreciation is calculated to write off assets during their expected normal lives. Buildings and shop fixtures and fittings are depreciated in equal annual instalments, and plant, including vehicles, by fixed percentages of residual book values.

(b) Stock

Stock is valued at the lower of cost and net realisable value. Cost of manufactured goods comprises direct labour, materials and factory overheads, certain administration overheads being included in the cost of finished products. Warehouse and delivery costs are not included in the valuation of retail stocks.

(c) Subsidiaries

(i) Accounts of overseas subsidiaries have been converted into sterling at rates of exchange approximating to those ruling at 31st March 1974.

(ii) The accounts of overseas subsidiaries have been made up to 31st December 1973 in order to facilitate early presentation of group accounts.

(d) Research and development

Expenditure, other than on buildings and plant, is charged against profits in the year in which it is incurred.

(e) Deferred taxation

Deferred taxation represents the effect of the allocation for taxation purposes of income and expenditure (including depreciation) to periods different from those used for accounting purposes and is calculated at the corporation tax rate of 52%. Advance corporation tax of £3·5m attributable to the proposed final dividend has been deducted from this provision.

2. Trading profit (note 1)

		1974 £000		1973 £000
(a) Trading profit is after adding:				
Income from short term investments		**5,775**		2,534
Income from unquoted investments		**1**		1
and after deducting: Depreciation		**6,161**		5,566
Profit earning bonus for staff		**5,482**		5,193
Bank and other short term interest		**229**		141
Computer and plant hire		**457**		388
Remuneration of auditors		**46**		37
Remuneration of directors of parent company:				
As directors	**14**		11	
As executives	**260**		232	
Past director's pension	—		1	
Pension funding payment for past director	**28**		—	
		302		244
(b) Remuneration of directors:				
Present chairman (highest paid director)		**37**		36
Former chairman		—		13
Others:		**Number**		Number
£32,501 to £35,000		**1**		—
£22,501 to £25,000		**2**		1
£20,001 to £22,500		—		2
£17,501 to £20,000		**2**		—
£15,001 to £17,500		**1**		2
£12,501 to £15,000		**1**		—
£7,501 to £10,000		**1**		—
Under £2,500		**3**		6
(c) Number of employees earning:				
£12,501 to £15,000		**1**		1
£10,001 to £12,500		**33**		28

Notes relating to the accounts continued

3. Taxation

The taxation charge on the profit of the year consists of:

	1974 £000	1973 £000
UK corporation tax at 52% (1973 40%)	**32,768**	22,103
Deduct relief for overseas taxation	**767**	295
Total UK corporation tax	**32,001**	21,808
Deduct transitional relief for advance corporation tax	**1,011**	—
Total UK taxation	**30,990**	21,808
Overseas taxation	**1,815**	1,006
Charge to profit and loss account	**32,805**	22,814

No provision has been made for taxation liabilities which would arise on the distribution of profits retained by overseas subsidiaries.

4. Profit retained by parent company

	1974 £000	1973 £000
Attributable to shareholders	**30,761**	33,828
Deduct profit retained by subsidiaries	**6,248**	7,540
Profit of parent company	**24,513**	26,288
Deduct dividends paid and proposed	**7,347**	8,268
Retained by parent company	**17,166**	18,020

5. Earnings per share

The calculation of earnings per share is based on earnings of £30,761,000 (1973 £33,828,000) and 178,083,968 ordinary shares in issue throughout the two years ended 31st March 1974.

6. Share capital

		1974 £000	1973 £000
Ordinary shares of 25p each:	Authorised	**50,000**	50,000
	Issued and fully paid	**44,521**	44,521

7. Reserves

	Group £000	Parent £000
At 31st March 1973	**85,694**	**45,018**
Profit retained	**23,414**	**17,166**
Transfer to provision for deferred taxation	**(1,526)**	**(97)**
At 31st March 1974	**107,582**	**62,087**

Notes relating to the accounts continued

8. Loan capital

		1974 £000	1973 £000
PARENT Unsecured:	6% loan stock 1978/83	**2,066**	2,066
	7¾% loan stock 1988/93	**5,684**	6,121
		7,750	8,187
SUBSIDIARIES			
Secured:	3¼% first mortgage debenture stock 1982	**1,000**	1,000
	4⅞% mortgage loan	**221**	317
	8½% debenture stock 1978/82	**254**	—
Unsecured:	6¼% loan stock 1983/88	**1,103**	1,136
	8% loan stock 1986/91	**1,608**	1,637
	Others	—	24
		11,936	12,301

(a) All loans are repayable at par, except the 8% loan stock, which is repayable at £105 per cent.

(b) The 4⅞% mortgage loan is repayable after 1st March 1977 on notice from the lenders.

(c) The 6¼% and 8% loan stocks are redeemable by yearly sinking funds.

9. Fixed assets

		GROUP			PARENT		
		Property £000	Fixtures and plant £000	Total £000	Property £000	Fixtures and plant £000	Total £000
Cost or valuation	At 1st April 1973	89,512	56,020	145,532	16,642	20,577	37,219
	Capital expenditure	13,542	11,496	25,038	1,558	3,797	5,355
	Disposals	(1,992)	(1,896)	(3,888)	(1)	(477)	(478)
	Transfers and adjustments	88	57	145	—	2	2
	At 31st March 1974	101,150	65,677	166,827	18,199	23,899	42,098
	Cost	51,660	65,677	117,337	8,585	23,899	32,484
	Independent valuation 1958	9,625	—	9,625	9,614	—	9,614
	1959	1,386	—	1,386	—	—	—
	1965	37,379	—	37,379	—	—	—
	Directors' valuation 1971	1,100	—	1,100	—	—	—
		101,150	65,677	166,827	18,199	23,899	42,098
Depreciation	At 1st April 1973	13,414	27,571	40,985	4,846	11,840	16,686
	Depreciation for year (note 1)	1,600	4,561	6,161	412	1,475	1,887
	Disposals	(287)	(1,419)	(1,706)	—	(361)	(361)
	Transfers and adjustments	17	27	44	—	(1)	(1)
	At 31st March 1974	14,744	30,740	45,484	5,258	12,953	18,211
Net book value at 31st March 1974		86,406	34,937	121,343	12,941	10,946	23,887

(a) The tenure of properties is as follows:

	Freehold £000	Long lease £000	Short lease £000	Total £000	Freehold £000	Long lease £000	Short lease £000	Total £000
Cost or valuation	77,327	11,489	12,334	101,150	17,308	111	780	18,199
Depreciation	9,356	1,285	4,103	14,744	4,923	14	321	5,258
Net book value	67,971	10,204	8,231	86,406	12,385	97	459	12,941

(b) Future capital expenditure approved by the directors and not provided for in these accounts is as follows:

	Group 1974 £000	Group 1973 £000	Parent 1974 £000	Parent 1973 £000
Contracts placed	**15,178**	11,129	**4,362**	2,536
Contracts not placed	**12,294**	5,897	**1,335**	3,880
	27,472	17,026	**5,697**	6,416

Notes relating to the accounts continued

10. Subsidiaries		1974 £000	1973 £000
(a) Investments:	At book value of net assets at acquisition	**15,268**	15,268
	At par or cost, less provisions	**12,286**	12,614
		27,554	27,882
(b) Loans:	Due to parent	**9,883**	11,134
	Due to subsidiaries	**(29)**	(27)
Current accounts:	Due to parent	**26,153**	18,127
	Due to subsidiaries	**(3,266)**	(2,615)
		32,741	26,619
		60,295	54,501

(c) A list of the principal subsidiaries is shown on page 4.

11. Unquoted investments

Unquoted investments of the group are valued by the directors at £43,000. A subsidiary has a shareholding of approximately 30% in Beacon Products Ltd. which operates in Eire. The latest audited accounts to 31st December 1972 showed issued share capital of £51,900 and reserves of approximately £21,000.

12. Due to bankers

Overdrafts of certain overseas subsidiaries amounting to £1,018,000 at 31st December 1973 (1972 £420,000) were secured on the assets of those subsidiaries.

13. Contingent liabilities

Certain overseas subsidiaries had discounted bills of exchange at 31st December 1973 amounting to £744,000 (1972 £266,000).

14. Company status

The Boots Company Ltd. is not a close company.

Report of the auditors to the members of The Boots Company Limited

We have examined the balance sheet and group accounts and the statement of sources and applications of funds set out on pages 16 to 23. The accounts of certain subsidiaries have been audited by other firms.

In our opinion the balance sheet and the group accounts comply with the Companies Acts, 1948 and 1967, and give respectively a true and fair view of the state of the company's affairs at 31st March 1974 and, so far as concerns members of the company, a true and fair view of the state of affairs and of the profit of the group.

In our opinion the statement on page 16 gives a true and fair view of the sources and applications of the group's funds for the year ended 31st March 1974.

We have also examined the summary of results adjusted for the effects of inflation together with the explanatory notes thereon on pages 24 and 25 and in our opinion they reflect fairly the profit for the period and the financial position of the group in terms of the general purchasing power of money at 31st March 1974.

PEAT, MARWICK, MITCHELL & CO., Chartered accountants, Birmingham and London.
20th May 1974

Summary of results adjusted for the effects of inflation

Group profits	Notes	Current general purchasing power basis £m	Historical basis £m
Net world sales		467·6	441·5
Profit before taxation	2	58·2	63·7
Deduct taxation		32·8	32·8
Profit after taxation		25·4	30·9
Deduct profit attributable to minority interests		·2	·2
Profit attributable to shareholders		25·2	30·7
Deduct dividends		7·5	7·3
Profit retained		17·7	23·4

Financial position at 31st March 1974	Notes	Current general purchasing power basis £m	Historical basis £m
Fixed assets	3	182·9	121·3
Net current assets		57·5	55·6
		240·4	176·9
Deduct:			
Loan capital		11·9	11·9
Minority interests		·6	·6
Deferred taxation		9·0	9·0
Total shareholders' interests		218·9	155·4

Ratios	Current general purchasing power basis	Historical basis
Earnings per share	14·2p	17·3p
Dividends (times covered)	3·4	4·2
Profit (before interest on loan capital and taxation) as % of capital employed	24·6%	36·5%
Taxation as % of profit before taxation	56·4%	51·5%

Notes relating to results adjusted for the effects of inflation

1. Basis of adjustment

The figures shown in the financial accounts have been converted into pounds of current general purchasing power by using factors which give effect to the decline in the value of money due to inflation.

The factors are calculated from changes in appropriate price indices ("the consumers' expenditure deflator" for original transactions prior to 1962, and "the index of retail prices" for transactions from 1962 to 31st March 1974).

The adjusted figures are therefore measured in pounds of purchasing power at 31st March 1974 when the index was 196·8 (31st March 1973: 173·4). Both figures are based on January, 1962 = 100.

2. Profit before taxation

Reconciliation of profit on the two bases

	£m	£m
Profit before taxation (historical basis)		63·7
Adjustments to convert to current purchasing power basis:		
Stocks	(6·0)	
Depreciation of fixed assets	(4·5)	
Gain on net monetary liabilities	2·2	
Sales, purchases and expenses	2·8	
		(5·5)
Profit before taxation (current purchasing power basis)		58·2

3. Fixed assets

	Current general purchasing power basis		Historical basis	
	Cost or valuation £m	Depreciation £m	Cost or valuation £m	Depreciation £m
Properties	164·2	27·0	101·1	14·7
Fixtures and plant	102·9	57·2	65·7	30·8
	267·1	84·2	166·8	45·5

Properties
Revalued properties have been converted by referring to the index at the date of revaluation. Subsequent outlay has been converted by reference to date incurred.

4. Overseas results

Overseas figures have been included at historical cost and no conversion to a current purchasing power basis has been made since the figures are not considered to be material.

Group financial record

		£m 1974
Sales and profits	**Net world sales**	**441·5**
	Profit before taxation	**63·7**
	Taxation	**32·8**
	Profit after taxation	**30·9**
	Minority interests	**·2**
	Dividends paid	**7·3**
	Income tax on dividends	—
Funds retained	Profit retained	**23·4**
	Depreciation	**6·2**
		29·6
Capital expenditure		**25·0**
Sources of capital	Share capital	**44·5**
	Reserves	**110·9**
	Shareholders' interests	**155·4**
	Loan capital	**11·9**
	Other sources	**9·6**
		176·9
Employment of capital	Fixed assets	**121·3**
	Net current assets	**55·6**
		176·9
Other statistics	Earnings per share (note 1)	**17·3p**
	Dividend per share (gross/including tax credit) adjusted for scrip issues	**6·1p**
	Profit (before interest on loan capital and taxation) as % of net book value of capital employed (note 2)	**36·5**

Notes

1. No figures are shown for earnings per share prior to 1974 since they would not be on a comparable basis due to changes in the taxation system.
2. The book value of the group's property which approaches 50% of the capital employed is, in the opinion of the directors, substantially below its current value.

1973	1972	1971	1970	1969	1968	1967	1966	1965
368·1	303·5	257·4	223·9	212·2	161·6	150·9	142·8	130·0
56·7	34·2	25·0	20·2	19·1	16·8	14·9	15·2	14·9
22·8	14·5	10·7	9·2	9·1	7·6	6·0	5·7	8·0
33·9	19·7	14·3	11·0	10·0	9·2	8·9	9·5	6·9
·1	·1	—	—	—	—	—	—	—
6·9	6·0	5·1	4·5	3·9	3·3	3·2	3·6	2·8
1·4	3·8	3·4	3·1	2·8	2·3	2·2	—	—
25·5	9·8	5·8	3·4	3·3	3·6	3·5	5·9	4·1
5·6	5·2	4·9	4·4	4·2	3·6	3·2	2·9	2·5
31·1	15·0	10·7	7·8	7·5	7·2	6·7	8·8	6·6
11·9	10·6	9·5	8·3	6·2	6·9	8·1	8·4	7·5
44·5	44·5	44·5	44·5	44·5	38·4	38·4	38·4	38·4
89·0	63·4	54·9	49·5	45·4	39·1	35·1	31·8	25·4
133·5	107·9	99·4	94·0	89·9	77·5	73·5	70·2	63·8
12·3	12·4	12·4	12·5	12·6	2·1	2·1	2·1	2·1
4·3	4·9	4·0	3·9	5·4	3·8	3·1	2·7	2·5
150·1	125·2	115·8	110·4	107·9	83·4	78·7	75·0	68·4
104·5	99·5	95·8	91·9	89·8	70·4	67·5	63·4	58·7
45·6	25·7	20·0	18·5	18·1	13·0	11·2	11·6	9·7
150·1	125·2	115·8	110·4	107·9	83·4	78·7	75·0	68·4
5·8p	5·5p	4·8p	4·3p	3·7p	3·6p	3·5p	3·5p	3·0p
38·4	28·0	22·3	19·1	18·4	20·3	19·0	20·5	20·6

Shareholders' interests

Shareholdings range	Shareholders Number	Shareholders %	Shares Number	Shares %
1—500	66,509	57·3	15,886,756	8·9
501—1,000	23,417	20·2	17,692,297	9·9
1,001—10,000	25,097	21·6	60,525,863	34·0
10,001—100,000	920	·8	24,134,281	13·6
100,001—1,000,000	154	·1	41,880,281	23·5
Over 1,000,000	9		17,964,490	10·1
	116,106		178,083,968	

Category of shareholders	Shareholders Number	Shareholders %	Shares Number	Shares %
Pension funds	234	·2	7,115,155	4·0
Insurance companies	403	·3	23,958,193	13·4
Investment trusts	384	·3	7,697,366	4·3
Bank and nominee companies	6,287	5·4	41,552,020	23·3
Other corporate bodies	1,101	1·0	8,648,007	4·9
Other shareholders	107,697	92·8	89,113,227	50·1
	116,106		178,083,968	

The directors are not aware that any person held 10% or more of the share capital of the company on 20th May 1974.

Directors' shareholdings and transactions

The names of the directors and the interests of each director and his family in the share and loan capital of the company at 31st March 1974 are shown below. Holdings at 1st April 1973, or at the date of appointment within the year, are shown in brackets where these differ.

	Number of shares Beneficially held	Number of shares Otherwise held	Loan stock All beneficially held
G. I. Hobday, Chairman	12,000 (10,000)	—	£101
D. E. M. Appleby, Managing director	1,600	—	—
J. H. Arkell, C.B.E.	1,500	—	—
L. A. Coombs	2,000 (1,900)	—	—
H. J. Hann	600 (475)	200	—
B. Jefferies	2,000	—	£177
P. T. Main, M.D.	300	—	—
Lord Redmayne, P.C., D.S.O.	2,000	—	—
A. D. Spencer	1,250 (1,350)	—	—
M. J. Verey	3,650	10,300	—
A. G. S. Wilkes	354	—	—
F. W. Wright, F.P.S.	400 (150)	—	—

Directors' holdings at 20th May 1974 are unchanged.

Printed by The Boots Company Ltd., Nottingham, England.

THE BOOTS COMPANY LTD. NOTTINGHAM NG2 3AA